

Washington, D.C. – Representative Brad Miller (D-NC) and Senator Sherrod Brown (D-OH) introduced bills today that would thoroughly overhaul the mortgage servicing industry by realigning servicer incentives so that they act in the best interests of investors and homeowners. The Foreclosure Fraud and Homeowners Abuse Prevention Act of 2011 would prevent future mortgage servicer fraud and errors, improve foreclosure counseling and prevention, and reform oversight of mortgage-based investing.

"The rampant abuses, incompetence and outright fraud by mortgage servicers must end if we are going to stabilize our housing market" Rep. Miller said. "This bill will lead to realistic modification of mortgages to help families keep their homes and avoid foreclosure."

The bill is a fundamental overhaul of the flawed servicing system that has caused a rush to foreclosures that continue to undermine the recovery of the housing market and the larger economy. It includes provisions that would encourage banks to work with homeowners to modify loans for families that can afford their homes but not their current mortgages. It also steps up enforcement by giving investors and homeowners the ability to hold servicers accountable for failing to do their jobs.

"This foreclosure crisis affects all of us – homeowners, families, neighbors, and state and local governments. It is clear that the current system isn't working and unfortunately federal regulators have failed to bring meaningful reform to the mortgaging servicing," Sen. Brown said. "Ending the foreclosure mill requires stronger oversight, streamlined modification procedures, and meaningful penalties when servicers break the law. We should be finding ways to keep people in their homes, not gouging homeowners and forcing more houses onto an already depressed housing market."

The Foreclosure Fraud and Homeowner Abuse Prevention Act of 2011 would:

- Protect homeowners from servicer errors, miscommunications, and abusive fees.
- End the rush to foreclosure and require servicers to work with homeowners to find sustainable mortgages.
- Improve standards for staffing and casework by mortgage servicers.
- Protect the interests of investors who buy securities backed by residential mortgages.
- Reform oversight of pools of securitized mortgages.

The Foreclosure Fraud and Homeowner Abuse Prevention Act of 2011 is endorsed by the Alliance for a Just Society, Center for Responsible Lending, Community Organizations in Action, National Association of Consumer Advocates (NACA), National Consumer Law Center (on behalf of its low-income clients).

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